

**Illinois Department of Revenue
Regulations**

Title 86 Part 500 Section 500.360 Audits

TITLE 86: REVENUE

**PART 500
MOTOR FUEL TAX**

Section 500.360 Audits

- a) The purpose of an audit is to verify fuel and mileage data reported on the quarterly tax return. Any licensee may be selected for audit.
- b) Prior to conducting an audit, the auditor will contact the licensee to arrange a date to commence the audit. At that time, the auditor will outline the time period to be audited and the records to be reviewed. A confirmation letter will be sent to confirm date and time. For just cause (e.g., to ensure the validity of the audit), the notification requirement may be waived. At the beginning of the audit, the auditor will determine background information, reporting methods and records that will be reviewed. As the audit progresses, the auditor and licensee will discuss the sample periods, sampling techniques, and any problem areas. A final conference will be held with the licensee to explain audit adjustments and future reporting practices. Any audit adjustment will be reflected on an amended return covering the period of the audit. Payment of the liability, if any, will be requested. If the licensee does not agree, an audit assessment will be issued.
- c) Audit guidelines. Audits will be completed using the best information available. In the absence of adequate records, a standard of four miles per gallon will be used. Tax-paid fuel entries will be disallowed if tax-paid fuel documentation is unavailable. All reasonable attempts will be made to verify reported miles.
- d) If a licensee fails to make records available upon proper request or if any licensee fails to maintain records from which the licensee's true liability may be determined, the Department may, 30 days after requesting in writing that the records be made available or receiving notification of the insufficient records, determine the licensee's tax liability. The determination shall be made from information previously furnished by the licensee, if available, as well as any other pertinent information which is available to the Department.
- e) In the event that an IFTA licensee's records are not located in Illinois and the Department must send auditors to the place the records are kept, the Department may require the licensee to reimburse it for reasonable per diem and travel expenses of its auditors, as authorized by law.
- f) IFTA Licensees - Additional Audit Requirements. The Department will audit its IFTA licensees on behalf of all member jurisdictions and shall submit audit reports to all other member jurisdictions. In addition, the following additional requirements shall apply to IFTA licensee audits:

- 1) A member jurisdiction may re-examine a base jurisdiction's audit findings if the member jurisdiction reviews the audit work papers and, within 45 days after receipt of the audit findings by the member jurisdiction, notifies the Department of any errors found during such review and of its intention to conduct the re-examination. Such re-examination by a member jurisdiction must be based exclusively on the audit sample period utilized by the Department in conducting its audit.
- 2) A member jurisdiction may reaudit a licensee if said member jurisdiction notifies the base jurisdiction and the licensee of reasonable cause for the re-audit.
- 3) The re-audit or re-examination by a member jurisdiction must be performed in cooperation with the base jurisdiction. An adjustment to original audit findings as a result of such re-audit or re-examination must be reconciled with the original audit findings issued by the Department. New audit findings shall be issued by the Department. A member jurisdiction conducting a re-audit or re-examination shall pay its own expenses.

(Source: Added at 19 Ill. Reg. 3008, effective February 28, 1995)